

Message Text

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PAGE 01 STATE 216857
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FM SECSTATE WASHDC
TO AMEMBASSY CARACAS PRIORITY

C O N F I D E N T I A L STATE 216857

E.O. 11652: GDS

TAGS: BENC, VE

SUBJECT: MAJOR PROJECTS: PETROLEUM REFINERIES

REF: A) CARACAS 7348, B) CARACAS 1410, C) STATE 165029

1. AS EMBASSY HAS POINTED OUT, US ENGINEERING FIRMS
HAVE ENJOYED FAVORED POSITION ON MAJOR CONTRACTS IN
VENEZUELA'S PETROLEUM SECTOR. PETROVEN AND ITS OPERATING
COMPANIES' OFFICIALS ARE MOST FAMILIAR WITH U.S.
TECHNOLOGY AND SUPPLIERS, AND NEARLY ALL THE MAJOR
ENGINEERING FIRMS IN THIS FIELD HAVE LONG-STANDING
PRESENCE IN VENEZUELA. WE WISH TO ASSURE EMBASSY RE
THOSE CONCERNS MENTIONED PARA 3 REF A AND PARAS 7 AND 9
REF B THAT OUR EFFORTS ARE DIRECTED TOWARD SEEING THAT
THOSE FIRMS WHO HAVE BEEN STEADILY FOLLOWING MAJOR
PROJECT OPPORTUNITIES IN THIS SECTOR ARE KEPT APPRISED
OF DEVELOPMENTS AND ARE PROVIDED WITH ANY ASSISTANCE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 216857

OR USG SUPPORT THEY NEED TO CONSUMMATE SPECIFIC CONTRACTS.

2. SINCE WE HOPE TO MAINTAIN OUR LEAD IN THIS FIELD WE
ALSO WANT TO BE WATCHFUL OF THE EFFORTS OF EUROPEAN AND
JAPANESE COMPETITION TO MAKE INROADS IN THIS SECTOR.
WE UNDERSTAND FROM INDUSTRY SOURCES THAT ITALIANS HAVE

RECENTLY MADE REPRESENTATIONS AT HIGH LEVEL IN PETROVEN ON UPCOMING REFINERY CONTRACTS. (MAJOR ITALIAN FIRMS IN THIS FIELD ARE TECHNOPETROL AND SNAM PROGETTI). PRESIDENT OF PETROVEN MAY VISIT EUROPE IN NEAR FUTURE AND MAY STOP IN ITALY TO BECOME MORE FAMILIAR WITH ITALIAN CAPABILITIES. EMBASSY RECENTLY REPORTED VISIT OF MINISTER OF MINES AND ENERGY HERNANDEZ TO EUROPE WHERE HE WAS TO MEET WITH INDUSTRY REPRESENTATIVES IN THE PETROLEUM AND PETROCHEMICAL FIELDS IN BRITAIN AND GERMANY.

3. ON EL PALITO REFINERY FOSTER-WHEELER ADVISES CONFIDENTIALLY THAT COMPANY REPRESENTATIVES WHO RECENTLY VISITED VENEZUELA WERE UNOFFICIALLY TOLD BY PETROVEN OFFICIALS THAT F-W HAD WON THIS CONTRACT. AWARD NOT YET ANNOUNCED BECAUSE PETROVEN DECISION HAS TO BE APPROVED BY MINISTRY OF MINES AND ENERGY. AWARD IS NOW A MONTH OVERDUE AND F-W UNDERSTANDS THAT DECISION IS STILL SITTING WITH MINISTRY. WE HAVE NO INDICATION THAT ANY PROBLEM HAS ARISEN; BUT F-W COMMENTS THAT THE LONGER THE DECISION IS DELAYED, THE MORE THE PROJECT WILL COST.

4. F-W AND SEVERAL OTHER U.S. FIRMS RECEIVED SCREENING TELEXES LAST WEEK ON AMUAY REFINERY FOR PURPOSES OF VERIFYING INTEREST IN PREQUALIFICATION. WE THEREFORE ANTICIPATE A PREQUAL LIST TO BE ANNOUNCED VERY SHORTLY. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 216857

5. WE BELIEVE THAT, IN VIEW OF INFORMATION CONTAINED

PARAS 2, 3, 4 ABOVE, THIS WOULD BE EXCELLENT TIME FOR EMBASSY TO MAKE LOW-KEY APPROACH TO MINISTRY. FOSTER-WHEELER FEELS EMBASSY COULD USEFULLY INQUIRE AS TO TIMING OF EL PALITO DECISION IN CONTEXT OF GENERAL DISCUSSION ON OTHER UPCOMING PROJECTS IN THIS SECTOR. WE WOULD BE INTERESTED IN ANY INFORMATION EMBASSY DEVELOPS. VANCE

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